

KEYSPAN ENERGY DELIVERY NEW ENGLAND
D.T.E. 05-68

FIRST SET OF INFORMATION REQUESTS OF THE
ATTORNEY GENERAL TO
KEYSPAN ENERGY DELIVERY NEW ENGLAND

AG 1-6

Date: March 9, 2006

Respondent: Elizabeth Arangio

Q. Refer to p. 35 of the Company's filing. Identify and explain the basis for the Company's plan to serve migrating customers? Did the Company assign all migrating customers recallable capacity and please explain? Please provide the Company's estimated capacity required to serve customers that have capacity assignments and include all supporting data, calculations, assumptions, and necessary explanation.

A. Under the Company's approved Terms and Conditions of Distribution Service, firm sales customers (excluding grandfathered customers) who migrate to transportation service are subject to the capacity-assignment program. Under the capacity-assignment program, the customer is allocated capacity in an amount equal to the capacity needed to meet the customer's peak consumption requirement in a normal winter (as calculated at the time that the customer migrates). Once the allocation is made, the customer's capacity allocation does not change unless the customer initiates a capacity-assignment review after demonstrating a 12-month change in consumption. In accordance with the Department's mandates in Gas Unbundling, D.T.E. 98-32-B (1999), the resources held by the Company in the resource portfolio must be sufficient to meet the needs of firm sales customers, including those that may migrate to transportation service subject to the capacity-assignment program in the future. However, the Company does not have an obligation to plan for the needs of customers who are "grandfathered" or are otherwise exempt from capacity assignment.

As stated on page 35, 36 and 38 of the Company's filing, customers who commenced service with the Company and elected to go direct-to-transportation-only service are exempt from the capacity-assignment program (in addition to "grandfathered" customers). Should a direct-to-transportation-only customer desire to be served as a "new" sales customer, the Company would have to evaluate a number of factors prior

to serving this customer. If the Company did accept this customer as a new sales customer, the customer would then be allocated capacity should the customer ever seek to return to transportation-only service.

Marketers are allowed to aggregate customers into an “aggregation pool.” The Company assigns capacity to the marketer on a recallable basis in an amount that equals the combined requirements of customers in the aggregation pool. The capacity is assigned to the marketer through the termination date of each contract released to meet the combined requirements of the aggregation pool. Currently, the Company releases a total of 99,100 MMBtus/day of capacity to marketers on behalf of transportation customers.